

AMENDED IN SENATE JUNE 2, 2015  
AMENDED IN SENATE MAY 6, 2015  
AMENDED IN SENATE APRIL 13, 2015  
AMENDED IN SENATE APRIL 6, 2015

**SENATE BILL**

**No. 367**

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**Introduced by Senator Wolk**

February 24, 2015

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An act to amend Sections 564, 566, and 568 of, and to add Sections 562 and 569 to, the Food and Agricultural Code, to amend Section 39719 of the Health and Safety Code, and to add Section 75217.5 to the Public Resources Code, relating to agriculture, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

SB 367, as amended, Wolk. Agricultural lands: greenhouse gases.

(1) Existing law, the Cannella Environmental Farming Act of 1995, requires the Department of Food and Agriculture to establish and oversee an environmental farming program to provide incentives to farmers whose practices promote the well-being of ecosystems, air quality, and wildlife and their habitat. The act requires the Secretary of Food and Agriculture to convene a 5-member Scientific Advisory Panel on Environmental Farming for the purpose of providing advice and assistance to federal, state, and local government agencies on issues relating to air, water, and wildlife habitat, as specified. Existing law authorizes the department to assist in compiling scientific evidence identifying the net environmental impacts that agriculture creates for the environment and requires the department to serve as depository for

that information and provide it to federal, state, and local governments, as needed.

This bill would require the environmental farming program to provide low-interest loans, technical assistance, educational materials and outreach, or a combination of these things, instead of incentives, to farmers whose practices promote the well-being of ecosystems, air quality, and wildlife and their habitat, and reduce on-farm greenhouse gas emissions or increase carbon storage in agricultural soils and woody biomass, or both. The bill would rename the panel the Environmental Farming Advisory Panel and revise the panel's membership and duties, as specified. The bill would require the panel to provide a biennial report describing its work to the Legislature and the Governor, among others. The bill would require the State Air Resources Board, in consultation with the panel, to consider and recommend, as appropriate, the use of available tools to demonstrate and quantify greenhouse gas emissions reductions from a specified grant program. The bill would eliminate the authorization for the department to assist in compiling scientific evidence identifying the net environmental impacts that agriculture creates for the environment and the requirement that the department serve as depository for that information to federal, state, and local governments.

The bill would provide that ~~\$50,000,000~~ \$25,000,000 shall be made available to the department, upon appropriation, from the Greenhouse Gas Reduction Fund to support on-farm projects to demonstrate agricultural management practices and activities that reduce greenhouse gas emissions and increase carbon storage in agricultural soils and woody biomass, as specified.

(2) The California Global Warming Solutions Act of 2006 designates the State Air Resources Board as the state agency charged with monitoring and regulating sources of emissions of greenhouse gases. The act authorizes the state board to include the use of market-based compliance mechanisms. Existing law requires all moneys, except for fines and penalties, collected by the state board from the auction or sale of allowances as part of a market-based compliance mechanism to be deposited in the Greenhouse Gas Reduction Fund. Existing law continuously appropriates 20% of the annual proceeds of the fund to the Strategic Growth Council for the Affordable Housing and Sustainable Communities Program, as provided.

This bill would require the council, no later than the 2015–16 fiscal year, to establish and administer a grant program, as part of the

Sustainable Agricultural Lands Conservation Program established by the council in conjunction with the Affordable Housing and Sustainable Communities Program, to provide financial incentives for the adoption and use of land management practices that reduce greenhouse gas emissions, sequester carbon in soil and woody biomass, and provide other cobenefits on working agricultural operations, as specified.

The bill would continuously appropriate 2% of the annual proceeds of the fund to the Strategic Growth Council to be expended for agricultural land protection consistent with the provisions of that grant program, thereby making an appropriation.

Vote: majority. Appropriation: yes. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     SECTION 1. Section 562 is added to the Food and Agricultural  
2     Code, to read:  
3     562. The Legislature further finds and declares all of the  
4     following:  
5     (a) California’s agricultural output is larger and more diverse  
6     than any state in the United States, providing the majority of the  
7     country’s fruits, vegetables, nuts, and dairy products.  
8     (b) Dependent on land and natural resources, California  
9     agriculture is uniquely vulnerable to climate change, which poses  
10    a serious threat to California agriculture with rising temperatures,  
11    increases in extreme weather events, constrained water resources,  
12    reduced winter chilling hours, and rising sea levels.  
13    (c) California agriculture also is uniquely positioned to provide  
14    climate benefits by reducing greenhouse gas emissions. Research  
15    funded by the State Energy Resources and Conservation  
16    Development Commission’s Public Interest Energy Research  
17    (PIER) program finds that some agricultural practices will not only  
18    reduce greenhouse gas emissions, but they also may help to store  
19    carbon in soils and trees. Carbon storage is an important strategy  
20    to help meet the state’s greenhouse gas emissions targets.  
21    (d) Steps taken by those working in California agriculture to  
22    reduce greenhouse gas emissions and sequester atmospheric carbon  
23    can provide other important environmental cobenefits, such as  
24    improved air and water quality, water conservation, enhanced  
25    wildlife habitat, and healthier rural communities.

(e) It is, therefore, the intent of the Legislature to enhance the long-term viability of California agriculture by supporting activities that reduce climate change impacts that may negatively impact it and the rest of the state.

(f) It is further the intent of the Legislature that the department, pursuant to this article, support the state's agricultural sector in pursuing on-farm practices and activities that reduce greenhouse gas emissions and increase carbon storage in agricultural soils and woody biomass.

SEC. 2. Section 564 of the Food and Agricultural Code is amended to read:

564. Unless the context otherwise requires, the following definitions govern the construction of this article:

(a) "Agricultural activities" means those activities that generate products as specified in Section 54004.

(b) "Department" means the Department of Food and Agriculture.

(c) "Panel" means the Environmental Farming Advisory Panel.

(d) "Secretary" means the Secretary of Food and Agriculture.

SEC. 3. Section 566 of the Food and Agricultural Code is amended to read:

566. (a) (1) The department shall establish and oversee an environmental farming program. The program shall provide low-interest loans, technical assistance, educational materials and outreach, or a combination of these things to farmers whose practices promote the well-being of ecosystems, air quality, and wildlife and their habitat and reduce on-farm greenhouse gas emissions or increase carbon storage in agricultural soils and woody biomass, or both.

(2) The department may provide support through the program that may include, but need not be limited to, permit assistance and coordination and the funding of on-farm demonstration projects in furtherance of the goals of the program.

(b) The department shall conduct the activities specified in this article with existing resources, to the extent they are available.

SEC. 4. Section 568 of the Food and Agricultural Code is amended to read:

568. (a) The secretary shall convene an Environmental Farming Advisory Panel to advise the secretary on the implementation of an environmental farming program, established pursuant to Section

566, and assist federal, state, and local government agencies, as appropriate or necessary, on issues relating to the impact of agricultural practices on air, water, climate change, and wildlife habitat.

(b) (1) The panel shall consist of the following members:

(A) Two members appointed by the Secretary for Environmental Protection. One of these members shall have expertise in climate change and its impacts on California agriculture, and the other member shall have expertise in greenhouse gas emissions reduction practices related to agriculture.

(B) Two members appointed by the Secretary of the Natural Resources Agency. One of these members shall be affiliated with the California Association of Resource Conservation Districts.

(C) Four members appointed by the secretary, according to the following:

(i) Three members who are agricultural producers in the state with at least five years of training and experience in the field of agriculture. At least one of these members shall be registered as a producer pursuant to the California Organic Products Act of 2003 (Chapter 10 (commencing with Section 46000) of Division 17).

(ii) One member who is affiliated with the University of California Cooperative Extension.

(2) The secretary may appoint other members to the panel after consulting with the panel.

(3) The secretary shall designate the member who is to serve as the chair of the panel.

(4) Members of the panel shall be highly qualified and professionally active with at least five years of experience in their chosen field, and two of the members shall be engaged in the conduct of scientific research related to environmentally sustainable agriculture.

(5) Of the members first appointed to the panel, four shall serve for a term of two years and four shall serve for a term of three years, as determined by lot. Thereafter, members shall be appointed for a term of three years.

(c) The panel, at a minimum and as necessary, shall do all of the following:

(1) Review data on the impact that agriculture has on the environment and recommend to the secretary and other appropriate state agencies the best available science on the environmental

1 impacts of agriculture, as well as practices and policies based on  
2 that information to advance the goals of this article.

3 (2) Compile the net environmental impacts of agriculture on  
4 the environment, identified pursuant to paragraph (1), for use by  
5 the department, other relevant state agencies, and the public.

6 (3) Research, review, and comment on data upon which  
7 proposed environmental policies and regulatory programs are based  
8 to ensure that the environmental impacts of agricultural activities  
9 are accurately portrayed and to identify incentives that may be  
10 provided to encourage agricultural practices with environmental  
11 benefits.

12 (4) Assist government agencies to incorporate benefits identified  
13 pursuant to paragraph (1) into environmental regulatory programs.

14 (5) Review and advise the secretary and the State Board of Food  
15 and Agriculture on existing and proposed programs and projects  
16 that provide technical, educational, and financial assistance,  
17 including, but not limited to, competitive grants to agricultural  
18 producers that will result in multiple environmental and health  
19 benefits, including, but not limited to, reduced greenhouse gas  
20 emissions, increased carbon storage in soils and woody biomass,  
21 improved air and water quality, enhanced wildlife habitat, and  
22 improved local health outcomes.

23 (d) The State Air Resources Board, in consultation with the  
24 panel, shall consider, and recommend, as appropriate, in the  
25 guidance developed pursuant to subdivision (b) of Section 16428.9  
26 of the Government Code, the use of available tools to demonstrate  
27 and quantify greenhouse gas emissions reductions from the grant  
28 program established pursuant to subdivision (b) of Section 569,  
29 including, but not limited to, the Natural Resources Conservation  
30 Service's *National* Conservation Practice Standards and  
31 COMET-Farm and other quantification tools submitted by, among  
32 others, state agricultural commodity groups and academic  
33 institutions.

34 (e) The panel may establish ad hoc committees, which may  
35 include professionals or scientists, to assist it in performing its  
36 functions.

37 (f) (1) The panel shall submit a biennial report to the  
38 Legislature, the Governor, the agencies represented on the panel,  
39 and the State Board of Food and Agriculture that includes all of  
40 the following:

1 (A) A description of the work conducted by the panel during  
2 the prior two-year period.

3 (B) The panel's action plan for the next two years, including  
4 goals and performance measures.

5 (2) The first report shall be submitted two years after the panel's  
6 first meeting or January 1, 2019, whichever occurs first.

7 (3) A report to be submitted pursuant to this subdivision shall  
8 be submitted in compliance with Section 9795 of the Government  
9 Code.

10 (g) The panel shall be created and maintained with funds made  
11 available from existing resources within the department to the  
12 extent they are available.

13 SEC. 5. Section 569 is added to the Food and Agricultural  
14 Code, to read:

15 569. (a) The sum of ~~fifty million dollars (\$50,000,000)~~  
16 *twenty-five million dollars (\$25,000,000)* shall be available, upon  
17 appropriation by the Legislature, from the Greenhouse Gas  
18 Reduction Fund, created pursuant to Section 16428.8 of the  
19 Government Code, to the department to support on-farm projects  
20 to demonstrate agricultural management practices and activities  
21 that reduce greenhouse gas emissions and increase carbon storage  
22 in agricultural soils and woody biomass, including, but not limited  
23 to, all of the following:

24 (1) Soil-building and carbon-sequestration practices, including  
25 the increased use of compost and biochar, cover crops, and low-  
26 and no-till practices.

27 (2) Irrigation efficiency and water conservation measures,  
28 including soil-moisture monitoring, irrigation scheduling,  
29 high-efficiency water delivery technologies, dry farming, and  
30 on-farm water catchment.

31 (3) On-farm alternative-energy production and energy efficiency,  
32 including on-farm bioenergy production from agricultural waste  
33 and improved on-farm operational efficiencies.

34 (4) Wildlife habitat conservation, including hedgerow planting,  
35 native grass planting and restoration, agroforestry, and managed  
36 grazing for enhanced habitat.

37 (b) The department, in consultation with the Environmental  
38 Farming Advisory Panel established pursuant to Section 568, shall  
39 develop and implement a grant program to carry out the purposes  
40 of this article.

1 (c) The secretary and the Secretary of the Natural Resources  
2 Agency shall enter into a memorandum of agreement among the  
3 department, the Department of Conservation, and other relevant  
4 state agencies to ensure the greatest possible coordination and  
5 collaboration in implementing the programs and projects funded  
6 pursuant to this section.

7 SEC. 6. Section 39719 of the Health and Safety Code is  
8 amended to read:

9 39719. (a) The Legislature shall appropriate the annual  
10 proceeds of the fund for the purpose of reducing greenhouse gas  
11 emissions in this state in accordance with the requirements of  
12 Section 39712.

13 (b) To carry out a portion of the requirements of subdivision  
14 (a), annual proceeds are continuously appropriated for the  
15 following:

16 (1) Beginning in the 2015–16 fiscal year, and notwithstanding  
17 Section 13340 of the Government Code, 35 percent of annual  
18 proceeds are continuously appropriated, without regard to fiscal  
19 years, for transit, affordable housing, and sustainable communities  
20 programs as follows:

21 (A) Ten percent of the annual proceeds of the fund is hereby  
22 continuously appropriated to the Transportation Agency for the  
23 Transit and Intercity Rail Capital Program created by Part 2  
24 (commencing with Section 75220) of Division 44 of the Public  
25 Resources Code.

26 (B) Five percent of the annual proceeds of the fund is hereby  
27 continuously appropriated to the Low Carbon Transit Operations  
28 Program created by Part 3 (commencing with Section 75230) of  
29 Division 44 of the Public Resources Code. Moneys shall be  
30 allocated by the Controller, according to requirements of the  
31 program, and pursuant to the distribution formula in subdivision  
32 (b) or (c) of Section 99312 of, and Sections 99313 and 99314 of,  
33 the Public Utilities Code.

34 (C) Twenty percent of the annual proceeds of the fund is hereby  
35 continuously appropriated to the Strategic Growth Council for the  
36 Affordable Housing and Sustainable Communities Program created  
37 by Part 1 (commencing with Section 75200) of Division 44 of the  
38 Public Resources Code. Of the amount appropriated in this  
39 subparagraph, no less than 10 percent of the annual proceeds of  
40 the fund shall be expended for affordable housing, consistent with



1 the provisions of that program and no less than two percent of the  
2 annual proceeds of the fund shall be expended for agricultural land  
3 protection consistent with Section 75217.5 of the Public Resources  
4 Code.

5 (2) Beginning in the 2015–16 fiscal year, notwithstanding  
6 Section 13340 of the Government Code, 25 percent of the annual  
7 proceeds of the fund is hereby continuously appropriated to the  
8 High-Speed Rail Authority for the following components of the  
9 initial operating segment and Phase I Blended System as described  
10 in the 2012 business plan adopted pursuant to Section 185033 of  
11 the Public Utilities Code:

12 (A) Acquisition and construction costs of the project.

13 (B) Environmental review and design costs of the project.

14 (C) Other capital costs of the project.

15 (D) Repayment of any loans made to the authority to fund the  
16 project.

17 (c) In determining the amount of annual proceeds of the fund  
18 for purposes of the calculation in subdivision (b), the moneys  
19 subject to Section 39719.1 shall not be included.

20 SEC. 7. Section 75217.5 is added to the Public Resources Code,  
21 to read:

22 75217.5. (a) The Legislature finds and declares all of the  
23 following:

24 (1) It is in the interest of the state to provide incentives for the  
25 use of agricultural land management practices that will reduce  
26 greenhouse gas emissions, sequester carbon in soils and woody  
27 biomass, and provide other cobenefits on working agricultural  
28 operations.

29 (2) The council’s Sustainable Agricultural Lands Conservation  
30 Program, established pursuant to this chapter, has three elements,  
31 including financial incentives for the adoption and use of land  
32 management practices that achieve these goals.

33 (3) The 2014 program guidelines establish grant programs for  
34 the 2014–15 fiscal year to promote agricultural lands strategic  
35 planning and agricultural land conservation easements, but the  
36 guidelines do not establish a grant program to provide incentives  
37 for agricultural land management practices.

38 (b) (1) The council, no later than the 2015–16 fiscal year, shall  
39 establish and administer a grant program, as part of the Sustainable  
40 Agricultural Lands Conservation Program, to provide financial

1 incentives for the adoption and use of land management practices  
2 that reduce greenhouse gas emissions, sequester carbon in soil and  
3 woody biomass, and provide other cobenefits on working  
4 agricultural operations. The council shall consult with the  
5 Department of Food and Agriculture and the Environmental  
6 Farming Advisory Panel, established pursuant to Section 568 of  
7 the Food and Agricultural Code, when developing the grant  
8 program and guidelines.  
9 (2) The council, as part of the grant program established  
10 pursuant to this subdivision, shall give priority to working  
11 agricultural operations that adopt land management practices that  
12 achieve the goals described in paragraph (1).